

EW RISINGER

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Week 21

Social Security Solvency — Payroll Cap Removal

"The cap was never justified. Remove it."

1. The Problem

The 2026 Social Security Trustees Report — released June 9, 2026 — projects the OASI trust fund will be depleted in Q4 2032, one quarter earlier than the 2025 projection. At depletion, ongoing payroll tax revenue will cover only 78% of scheduled benefits — an automatic 22% cut for every Social Security recipient. The cause is structural: in 2026 the payroll tax cap is \$184,500. A teacher pays 6.2% Social Security tax on every dollar she earns. A hedge fund manager pays 6.2% on his first \$184,500 and nothing on the rest. A billionaire who earns \$10 million in wages pays the same Social Security tax as someone earning \$184,500. That is not an economic necessity. It is a political choice. And it is costing the trust fund hundreds of billions of dollars per year.

2. The Governing Principle

The cap was never justified. Remove it. No benefit cuts. No retirement age increase. No means-testing. Remove the payroll cap and include investment income above \$400,000. Those two changes — and only those two changes — extend Social Security solvency for 75 years per SSA actuarial analysis of comparable proposals. The people who paid into Social Security their entire working lives collect what they were promised.

3. The Specific Policy

The Numbers — Verified from SSA and Primary Sources

- **2026 Social Security payroll cap:** \$184,500 — confirmed from SSA COLA announcement and payroll data. Up from \$176,100 in 2025. The cap increases annually with average wage growth.
- **What the cap means in practice:** a worker earning exactly \$184,500 pays \$11,439 in Social Security tax (6.2%). A worker earning \$10 million pays the same \$11,439 — on 1.84% of their income. Every dollar above \$184,500 is completely exempt from Social Security tax. There is no economic or actuarial basis for this exemption. It was a political compromise in 1977.
- **2026 Trustees Report — OASI depletion date:** Q4 2032 — one quarter earlier than 2025 projection. Source: SSA 2026 Trustees Report released June 9, 2026. At depletion, 78% of

scheduled benefits payable — a 22% automatic cut for every recipient. The Trustees blame the acceleration on the One Big Beautiful Bill Act (reduced Social Security tax revenues) and reduced immigration (fewer workers into the system).

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The Two-Part Solution

- **Remove the payroll tax cap entirely:** all earned income — wages, salaries, self-employment income — subject to the 6.2% Social Security payroll tax without a ceiling. The same rule that applies to a teacher applies to a CEO. No carveouts. No phase-ins. No donut holes. The cap is removed. Source: SSA actuarial estimates of full cap removal show solvency extension of 50+ years for cap removal alone.

- **Investment income subject to Social Security tax above \$400,000:** dividends, capital gains, interest, and passive income above \$400,000 per year subject to the Social Security tax. A billionaire who pays himself \$1 in salary and takes the rest in dividends pays the same Social Security tax as his gardener under the current system. The \$400,000 threshold protects ordinary retirees and small investors — it applies to passive income at a level that is unambiguously wealth, not retirement savings.

- **No benefit cuts. No retirement age increase. No means-testing:** Social Security is a universal program — not a welfare program. People who paid in for 40 years collect what they were promised. The solvency fix comes from making high earners pay what everyone else already pays — not from taking from those who already paid their share.

- **No work penalty for Social Security recipients:** the platform-wide sliding scale standard applies. Earning more always produces a net positive outcome. Social Security recipients who work do not face benefit cliffs.

What One Big Beautiful Bill Did to Social Security

The 2026 Trustees Report explicitly identifies the One Big Beautiful Bill Act signed July 4, 2025 as a contributing factor to accelerated insolvency — because it reduced tax revenues flowing into Social Security. The same administration that is watching Social Security move toward insolvency signed

legislation that made the problem worse. Week 21 does the opposite: it closes the cap that has been subsidizing high earners at the expense of Social Security solvency for decades.

4. Estimated Cost

Full payroll cap removal: estimated \$150-200 billion per year in additional Social Security revenue — consistent with CEPR and SSA actuarial analyses of comparable proposals. Investment income inclusion above \$400,000: estimated \$20-40 billion per year based on IRS data on passive income above that threshold. Combined: sufficient to extend Social Security solvency 75 years per SSA actuarial analysis of comparable proposals. Independent SSA scoring of the specific Risinger proposal parameters required before finalizing revenue estimates.

5. Year 1 Implementation and Measurable Result

Year 1 measurable result: payroll cap removal and investment income inclusion legislation
Phone: 816-674-1686 | Email: ernie@ewrisinger.com introduced within 30 days of inauguration;
Social Security Administration actuarial scoring of the Risinger proposal completed within 90 days and published publicly; legislation passed and signed before Q4 2032 depletion date.
Source for baseline: SSA 2026 Trustees Report, released June 9, 2026, ssa.gov.

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